

Message Text

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ACTION EUR-12

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INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 AID-05 IO-13 /086 W
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R 191515Z MAY 77
FM AMEMBASSY VALLETTA
TO SECSTATE WASHDC 7393
INFO AMEMBASSY ROME
AMEMBASSY PARIS
AMEMBASSY LONDON
AMEMBASSY BONN
AMEMBASSY TRIPOLI
AMEMBASSY ALGIERS
USMISSION NATO
USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 1 OF 2 VALLETTA 0568

C O R R E C T E D C O P Y FOR TEXT //PAR 3//

E.O. 11652: GDS
TAGS: PFOR, FR, IT, MT
SUBJECT: IMPLICATIONS FOR U.S. OF ITALIAN/FRENCH
DIALOGUE WITH MALTA

REF: VALLETTA 560,

1. WE HAVE REPORTED BY SEPARATE CABLE CURRENT STATUS OF
ITALIAN/FRENCH DIALOGUE WITH THE MALTESE ON MINTOFF'S
PROPOSALS FOR GUARANTEED NEUTRALITY AND ECONOMIC VIABILITY
FOR MALTA. WE HIGHLIGHT BELOW SOME OF THE IMPLICATIONS
FOR OUR OWN POLICY OBJECTIVES HERE, SINCE ITALIANS AND
FRENCH ARE PRESUMABLY INFORMING THEIR OTHER EUROPEAN
PARTNERS AND MAY ALSO SEEK OUR VIEWS. IN ANY EVENT, WE
MAY BE REACHING THE STAGE IN THE DIALOGUE WHERE IF WE
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WISH TO INFLUENCE ITS EVOLUTION WE MAY WANT TO BEGIN MAKING
OUR VIEWS KNOWN.

2. THE DEPARTMENT'S POSITION AS STATED IN POLICY CABLE
39094 OF FEBRUARY 22 INCLUDED POINT THAT WHILE WE DO NOT
WANT TO INVOLVE OURSELVES DIRECTLY IN ISSUES OF GUARANTEES
FOR MALTA'S NEUTRALITY, WE WANT TO BE ABLE TO FOLLOW

DISCUSSIONS AS THEY DEVELOP IN ORDER TO FORMULATE A POSITION AT AN APPROPRIATE TIME FOR SUCH DISCUSSIONS AS THE PARTIES CONCERNED MAY WANT TO HAVE WITH US.

3. AS REFTTEL INDICATES, MINTOFF NOW HAS IN HAND ITALIAN/FRENCH ACCEPTANCE IN PRINCIPLE OF HIS GUARANTEED NEUTRALITY CONCEPT AND CLAIMS TO HAVE ACCEPTANCE FROM LIBY AND ALGERIA AS WELL. FROM ITALIANS AND FRENCH THIS INCLUDES COMMITMENT TO CONSULT WITH MALTA AND OTHER MEDITERRANEAN STATES IN THE EVENT OF A THREAT TO MALTA'S NEUTRALITY. THIS IN EFFECT PUTS THE CONCEPT IN A KIND OF MULTILATERAL MEDITERRANEAN FRAMEWORK, EVEN THOUGH FRENCH AND ITALIANS STRESS THAT THEIR COMMITMENT WILL BE ON BILATERAL BASIS.

4. THE SPECIFICS OF ALL THIS HAVE YET TO BE WORKED OUT, ALTHOUGH INFORMALLY ITALIANS HERE TELL US THAT THEY HAVE HAD REAFFIRMATION OF WHAT THEY WERE TOLD BY MALTESE IN JANUARY (VALLETTA 208); I.E., THAT THIS WOULD BE "ACTIVE" NEUTRALITY WITHIN MINTOFF'S CONCEPT OF MEDITERRANEAN AS A ZONE OF PEACE (WHICH DOUBTLESS MEANS A CONTINUATION OF HIS STRONGLY PRO-ARAB, PRO-LIBYAN POLICIES), THAT MALTA WOULD PROVIDE NO MILITARY BASES OR FACILITIES AGREEMENTS TO ANYONE, THAT MALTA WILL BAR THE PRESENCE ON ITS TERRITORY AS WELL AS ACCESS TO FACILITIES BY ANY OF THE SUPER POWERS, BUT THAT VESSELS OF OTHER COUNTRIES COULD HAVE OCCASIONAL ACCESS IN CASE OF NEED.

5. MINTOFF BY NOW ALSO HAS COMMITMENT BY FRENCH AND ITALIANS, AT LEAST BY IMPLICATION, THAT THEY AND OTHER

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EUROPEANS WILL PITCH IN TO ASSURE MALTA'S ECONOMIC VIABILITY WITHIN THIS NEUTRALITY CONCEPT. THE SPECIFICS OF ALL THIS ARE ASSUREDLY FAR FROM CLEAR; NONETHELESS, MINTOFF MAY BE WELL ON HIS WAY TO GETTING WHAT HE WANTS, IF SO HAVING AGAIN DEMONSTRATED SUCCESS OF HIS TACTICS OF ABSSE AND OFFERING LITTLE IN RETURN EXCEPT FOR A NEUTRALITY PLEDGE OF UNCERTAIN VALUE.

6. IF THE PACKAGE BECOMES REALITY, HOWEVER, OUR MINIMAL OBJECTIVE OF DENIAL OF SOVIET ACCESS IS COVERED. BUT THERE ARE QUESTIONS FOR U.S. POLICY, NOT LEAST BEING THE DURABILITY OF SUCH AN ARRANGEMENT. EVEN SHOULD EUROPE COMMIT ITSELF TO MINTOFF'S THREE-YEAR BOP TRANSITIONAL CONCEPT, HOW IS THIS TO BE LINKED TO THE NEUTRALITY ASSURANCE AND WHAT HAPPENS AT THE END OF THAT PERIOD? MALTA'S ECONOMIC DEPENDENCE ON OUTSIDE SUPPORT MAY HOPEFULLY BE LESS BY 1981 BUT NO ONE HERE SEES MUCH LIKELIHOOD THAT IT WILL BE ENDED UNLESS THE MALTESE BEGIN TO DRAW DOWN ON THEIR RESERVES.

IN OTHER WORDS, ARE WE EMBARKING IN EFFECT ON
A CONTINUING SUBSIDY TO MALTA AND SPECIFICALLY TO
MINTOFF'S POLICIES THAT AMOUNTS TO GIVING HIM HIS CAKE
AND LETTING HIM EAT IT TOO?

7. THAT QUESTION SEEMS TO US PARTICULARLY APROPOS IN
THE CONTEXT OF THE LIBYA CONNECTION. IF WE HAVE ANY
CONCERN OVER THAT CONNECTION (AND IT CONTINUES TO BE
DIFFICULT FOR US TO MAKE THAT JUDGMENT FROM THIS VANTAGE
POINT), THEN WHAT IS NOW EVOLVING COULD RESULT IN A
SITUATION WHERE IN EFFECT THE WEST HELPS FACILITATE AND
FINANCE LIBYA'S CONSIDERABLE INFLUENCE HERE, INCLUDING
AT LEAST A POTENTIAL INFLUENCE BY PROXY OF THE SOVIETS
THAT COULD TO SOME DEGREE UNDERMINE OUR OBJECTIVE OF
DENIAL. WE FIND IT HARD TO TAKE MUCH SATISFACTION IN
WHAT WE GATHER TO BE A FRENCH ARGUMENT THAT TYING
LIBYA INTO SOME KIND OF MEDITERRANEAN ARRANGEMENT FOR
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MALTA WILL HELP ENSURE BETTER LIBYAN BEHAVIOR GENERALLY.

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8. THERE IS ON THE OTHER HAND THE POSSIBLE ACHIEVEMENT THAT OUR OBJECTIVE OF AT LEAST ASSURING ACCESS BY OUR EUROPEAN ALLIES TO MALTA'S FACILITIES WILL BE ATTAINED. HOWEVER THIS IS STILL VAGUELY ASSURED AT BEST AND IN ANY EVENT APPEARS FROM HERE TO HAVE LITTLE ATTRACTION FOR OUR EUROPEAN ALLIES. WE DOUBT THAT THE USE OF SUCH ACCESS BY THEM WILL BE OF SUCH EXTENT AND FREQUENCY AS TO BE OF MUCH UTILITY TO OUR INTERESTS.

9. THERE IS ALSO THE MATTER OF THE DOMESTIC POLITICAL IMPACT IN MALTA OF THE EXTENT TO WHICH THE WEST ACTS ONCE AGAIN TO MEET MINTOFF'S DEMANDS. THERE IS ALREADY RISK OF WHAT HAS EVOLVED SO FAR BEING SEEN BY THE MALTESE BODY POLITIC AND PARTICULARLY THE MORE WESTERN ORIENTED NATIONALIST OPPOSITION AS ANOTHER INSTANCE OF WESTERN ACQUIESCENCE TO MINTOFF'S DEMANDS AND IN EFFECT ENDORSEMENT OF MINTOFF'S DESIGNS FOR THE MEDITERRANEAN. IN THIS CONFIDENTIAL

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CONNECTION, ITALIAN AMBASSADOR DA-RIN TELLS US THAT MINTOFF HAS EXPRESSLY DIRECTED HIM TO AVOID ANY BRIEFING WHATSOEVER OF THE NATIONALIST LEADERSHIP ON THE CURRENT ITALIAN/FRENCH DIALOGUE WITH MALTA, A MATTER OF MUCH EMBARRASSMENT TO DA-RIN THO RECENTLY PROMISED THE NEWLY ELECTED NATIONALIST LEADER FENECH ADAMI THAT HE WOULD PROVIDE SUCH A BRIEFING. FENECH ADAMI HAS TOLD US THAT WHILE HIS PARTY HAS STRONG RESERVATIONS ABOUT MINTOFF'S NEUTRALITY CONCEPT BECAUSE OF THE LIBYAN CONNECTION, THEY ARE BEING CAUTIOUS IN THEIR PUBLIC STATEMENTS BECAUSE OF THEIR CONCERN THAT THEY MAY BE LEFT HOLDING THE BAG AFTER EUROPEAN ACCEPTANCE OF MINTOFF'S PROPOSALS.

11. WE ARE NOT SURE WHERE THESE QUESTIONS AND RESERVATIONS LEAVE US. AT A MINIMUM HOWEVER IT SEEMS TO US WE NEED TO CONTINUE TO ENCOURAGE OUR EUROPEAN FRIENDS TO DRIVE A HARD BARGAIN, AVOIDING FURTHER COMMITMENTS UNTIL SOME GREATER EVIDENCE OF QUID PRO QUE FROM THE MALTESE AFFECTING EUROPEAN SECURITY INTERESTS IS DEMONSTRATED. WE BELIEVE MINTOFF ALST NEEDS TO BE REMINDED MORE EFFECTIVELY THAN HE HAS BEEN TO DATE BY HIS EUROPEAN INTERLOCUTORS THAT SOVIET DENIAL IS AS MUCH IN HIS INTEREST AS ANYONE ELSE'S AND THAT MALTA'S WESTERN FRIENDS HAVE SERIOUS CONCERN ABOUT THE EXTENT TO WHICH IT COULD BE UNDERMINED BY SOVIET INFLUENCE VIA LIBYA. UNFORTUNATELY, QADHAFI'S LEVERAGE WITH MINTOFF BECAUSE OF THE OIL SUPPLY AND MEDIAN LINE ELEMENTS IS ALREADY SO CONSIDERABLE AS TO MAKE THIS A VERY DIFFICULT ASPECT IN ANY RATIONAL DISCUSSIONS WITH MINTOFF.

12. WE REMAIN TROUBLED AS WELL BY THE OUTLOOK FOR FOREIGN PRIVATE INVESTMENT HERE WHICH MIGHT, IF EFFECTIVELY ENCOURAGED, ULTIMATELY REDUCE MALTA'S DEPENDENCE ON OUTSIDE SUPPORT AND THUS MAKE A POLITICAL POLICY OF NEUTRALITY MORE REAL. UNFORTUNATELY THERE IS LITTLE EVIDENCE YET THAT MINTOFF RECOGNIZES THAT THE INCENTIVES HE OFFERS
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ARE INADEQUATE TO THE NEED, CERTAINLY AS FAR AS U.S. INVESTORS ARE CONCERNED, AND PARTICULARLY IN THE ATMOSPHERE CREATED BY MINTOFF'S POLICY NOISES AND PAST BEHAVIOR IN THE MEDITERRANEAN. OUR EUROPEAN FRIENDS MIGHT BE HELPFULL IN GETTING THAT CONCERN ACROSS.

13. FINALLY WE ASSUME WE WILL ALSO WANT TO EMPHASIZE IN WHATEVER DISCUSSIONS WE HAVE WITH OUR ALLIES THAT WE EXPECT THE CONGRESS WILL BE VERY SKEPTICAL OF ANY SUGGESTION THAT WE SHTULD PROVIDE ANY DIRECT U.S. GRANT SUPPORT TO MALTA AFTER 1979 WITHOUT AT LEAST STRONGER ASSURANCES OF EUROPEAN ACCESS AND PREFERABLY AN ASSURANCE OF OCCASIONAL SIXTH FLEET ACCESS AS WELL.

14. AT RISK OF OVER-SIMPLIFICATION WE POSE WHAT SEEMS TO US TO BE THE ESSENTIAL ISSUE: ARE WE PREPARED TO PAY SOMETHING AFTER 1979 FOR WHATEVER WE PERCEIVE OUR INTERESTS TO BE HERE? IN THAT CASE WE BELIEVE WE NEED TO BEGIN TO FIND WAYS TO INFLUENCE THE PRESENT DIALOGUE TO HELP INSURE THAT THE BARGAIN WILL BE REALISTIC AND THAT WHAT IS STRUCK WILL BE SOMETHING WORTH OUR WHILE (FOR INSTANCE, SOME OF HIS REQUESTS OF THE FRENCH AND ITALIANS, SUCH AS GUARANTEED FULL EMPLOYMENT, BORDER ON THE LUDICROUS). OR DO WE SEE OUR FUTURE INTERESTS HERE AS MINIMAL TO THE POINT WHERE WE CAN LIVE WITH WHATEVER RISK LIBYA MAY BE BY 1979, WHERE WE IN EFFECT SIT BACK IN THE ACCURANCE THAT MINTOFF'S OWN PERCEIVED INTERESTS WILL CONTINUE TO KEEP THE SOVIETS OUT, AND WHERE WE THUS CONCLUDE THAT THIS IS ONE PROBLEM THAT EUROPE SHOULD CARRY ENTIRELY ON ITS OWN? IN THIS CASE TOO, WE THINK THE SOONER WE SAY AS MUCH TO THE EUROPEANS, THE BETTER IT WILL BE. LAINGEN

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